Using Medicaid to Help End Homelessness

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Why use Medicaid for Solutions to Homelessness?

- Medicaid and health systems incur substantial costs providing care to homeless people – often without achieving good outcomes
- Solutions to homelessness significantly reduce the need for costly emergency care and hospitalizations – and improve health outcomes
- Services that address health care and treatment needs are essential part of strategies to help many homeless people get and keep housing.

Why use Medicaid for Solutions to Homelessness?

- Medicaid is a ***relatively*** stable funding source – but will likely be ***only one piece*** of funding strategy for solutions to homelessness. It won't pay for housing costs.
- Opportunities to leverage investments by state and local government and obtain matching federal funds

Medicaid – the basics

- Federal Financial Participation (FFP) matches “state” (non-federal fund) contributions: federal contribution averages 57% of Medicaid costs
- Federal rules and waivers administered by Center for Medicare & Medicaid Services (CMS) formerly Health Care Financing Agency (HCFA)
- State Medicaid Plan : contract between state and federal government
- Basic health services + State Options: optional benefits two-thirds of all Medicaid spending

State Medicaid Plan Defines:

- Optional benefits
- “Medical necessity”
- Who is eligible to provide services to be reimbursed under Medicaid
- Where services must be provided
- Rate structure (e.g. fee for service, case rates, capitation, general requirements)

Eligibility Considerations

- Homeless People / Supportive Housing Tenants / Consumers : individuals and family members
- Providers : organizations and staff
- Activities / Services
- Contracting relationships and administrative requirements

Medicaid eligibility issues - people

- Children, pregnant women, elderly, and people with disabilities who are eligible for SSI are most likely to be eligible for Medicaid
- Coverage rules for parents are complex
- Very low income adults without children are usually not covered unless eligible for SSI based on disability level ***- there are exceptions in some states with Medicaid waivers that include initiatives to expand coverage***

Medicaid eligibility issues - people

- Adults with disabilities attributable to substance abuse often excluded from Medicaid, in spite of significant health problems that lead to frequent use of hospital care.
- Effective SSI advocacy requires
  - Documenting disabilities due to mental illness, brain injury, medical conditions, etc.
  - Effective engagement & case management
  - Skilled advocates who understand the rules and procedures and have relationships
- SSI/SSDI Outreach Access & Recovery (SOAR)
  - More information about best practices available at www.pathprogram.samhsa.gov/SOAR/

Medicaid eligibility - providers

- Federally Qualified Health Centers (FQHC): Health Care for the Homeless programs and Community Health Centers receive reimbursement based on costs under special rules
- For other provider organizations and practitioners, state plan determines eligibility to participate and settings where services can be delivered

Medicaid eligibility - providers

- Managed Care and “Freedom of Choice” waivers often have exceptions for people with HIV/AIDS or other special needs
- Targeted Case Management option can be used to provide benefits in designated areas of state, while most other Medicaid benefits must be available statewide
- If local governments (counties) are responsible for providing non-federal matching funds they may exercise more control over provider selection

Financing the Supports in Supportive Housing

Work in progress …

- No consistent approach across states
- HUD SHP funding is still a major source in most places – but availability is increasingly limited
- Funding from mental health systems and Medicaid increasingly important
- Growing number of FQHC providers (Health Care for the Homeless programs and Community Health Centers) are getting involved in supportive housing as project sponsors or service partners

Financing the Supports in Supportive Housing

Work in progress …

- So far, federal grant funds from HHS and DOL play a small role – and grants are time-limited
- Solutions require policy and systems change at federal, state, and local levels
- Patchwork funding is a very big challenge for supportive housing providers

Medicaid

An important source of funding for services in supportive housing – in some places

- Medicaid provides 14% of funding for services in supportive housing in 5 sites surveyed by CSH (Taking Health Care Home evaluation)
- Nearly all of this funding is in two sites
  - Maine and Portland / Multnomah County Oregon

Medicaid

An important source of funding for services in supportive housing – in some places

- Medicaid is significant source of funding where:
  - State qualifies for higher federal match rate (FFP)
  - Experienced Medicaid providers are involved as supportive housing project sponsors / service partners
  - Supportive housing projects primarily serve people with serious mental illness
- Some mental health funding in other sites may include Medicaid
- Other sites actively exploring Medicaid funding strategies

Opportunities to use Medicaid
for solutions to homelessness

None of these was designed to reimburse supportive housing, medical respite shelter or other solutions to homelessness

- Rehabilitation Option
- Targeted Case Management
- Home and Community Based “Waiver” Services
- Federally Qualified Health Centers (FQHC)

Rehab Option

- At the option of the state … other diagnostic, screening, preventive and rehabilitative services … for maximum reduction of physical or mental disability and restoration of an individual to the best possible functional level *(Federal)*

Rehab Option (cont.)

- Most often used for mental health services
- State plan may define medical necessity differently for services covered under rehab option
- State plan may have “carve out” for mental health services with different requirements for providers seeking reimbursement under rehab option (e.g. operating under contract with county mental health department)
- Requires plan of care based on diagnosis, developed by (or under supervision of) licensed practitioner

Rehab Option Focus

- ***Restoring*** basic living and social ***skills*** impaired by disability – and –

- Counseling or therapy to ***reduce*** psychosocial ***barriers*** to independent community living

Targeted Case Management (TCM)

- Services to ***assist*** eligible individuals in gaining ***access*** to needed medical, social, educational, and other services
- Federal law allows states to limit eligibility for case management services to particular groups of people (e.g. people with HIV/AIDS, mental illness, or other targeted groups)
- Requires a separate state plan amendment

TCM Services

- Needs assessment
- Setting objectives related to needs
- Individual service planning
- Service scheduling

Case management services ensure that the changing needs of the person are addressed on an ongoing basis and appropriate choices are provided among the widest array of options for meeting those needs

Home and Community Based Services (HCBS)

- Provide broader range of services not otherwise covered under Medicaid plan
- Operate under 1915(c) waivers submitted by states and approved by CMS
- Eligibility limited to people who would otherwise be ***eligible*** for institutional placement (e.g. nursing home)
- May be promising strategy to create housing in conjunction with discharge planning to prevent homelessness

Federally Qualified Health Centers (FQHC)

- Health Care for the Homeless / Community Health Centers
  - Develop and operate supportive housing projects, safe havens, and medical respite programs
  - Partnerships with housing providers to deliver services to supportive housing tenants
- Multi-disciplinary services teams
  - Primary care practitioner
  - Psychiatrist, LCSW, Clinical Psychologist
  - Case managers, social workers, peer counselors, health educators
- On-site space appropriate for service delivery
- Integration with clinic-based services

Maximizing FQHC Revenues

- ***Average*** cost of FQHC encounters in supportive housing may be higher than established rate
  - More complex health and mental health problems
  - More staff time needed for engagement and supportive services
  - Fewer patients at site compared to busy clinics
- Does revenue from ***additional*** visits (at existing rate) cover the additional costs?
- HRSA grants may be available for expanded clinic services & new sites
  - Expanded scope of services can justify FQHC rate adjustment

Medicaid Funding Requirements

Challenges for providers

- Eligibility determination / verification
- Staff credentials and skills required
- Service planning
- Record-keeping at the encounter level
- Performance & Quality Assurance requirements
- Audit challenges and disallowances for costs of non-medical services that support recovery
- Financial and administrative systems for billing / cost reporting
- State/local government contract relationships or certification
- Compared to …

  Frequency of application / grant-writing costs and limited availability of funding from other sources for supportive services

Challenges to Consider

- Many homeless people / supportive housing tenants may not be eligible for Medicaid if not eligible for SSI
  - SSI advocacy with documentation of disabilities can make a big impact
- Requires service planning and documentation based on diagnoses and “medical necessity” rather than goals and aspirations of tenant and community
- Service provider record-keeping systems must support encounter level data
- Reimbursement not available for all services needed by tenants– e.g. engagement and community-building

Challenges to Consider

- State policymakers are concerned about rising Medicaid expenditures and budget shortfalls make it difficult to sustain and expand Medicaid benefits
  - Need to demonstrate that using Medicaid to pay for effective services will reduce costs for other care covered by Medicaid (e.g. hospital emergency room and inpatient)
- Federal government (CMS) enacting policies and using audits in attempt to limit growth in Medicaid costs
  - Discourages state creativity in using Medicaid to help finance more effective, inter-disciplinary service strategies that are not clearly “medical” interventions
  - Limit state ability to re-invest savings from reduced hospitalizations to pay for care to uninsured
  - State Medicaid officials reluctant to take risks that could lead to future repayments

Options to Consider

- For experienced Medicaid service providers:
  - Obtain Medicaid reimbursement for broader range of services delivered in additional settings
  - Partner to deliver services to tenants in housing operated by other organizations
- For supportive housing providers with no Medicaid experience
  - Become qualified as Medicaid service provider
  - Partner with an experienced Medicaid service provider to meet tenants' needs

Effective Strategies

- Implement effective approaches to documenting disability and improving access to SSI benefits and Medicaid
- Develop targeted interventions for homeless people who are most frequent users of hospital emergency rooms

Effective Strategies

- Document costs of homelessness and impact of solutions to homelessness to make the case for using Medicaid for more appropriate care
  - Emergency room care
  - Inpatient hospitalizations
  - Ambulance
  - Detox
  - Treatment for mental health and substance use problems
- Educate health policymakers and state Medicaid officials in your state

For more information: Visit www.csh.org

Financing Supportive Housing Medicaid White Papers

Laying a New Foundation Changing the Systems that Create and Sustain Supportive Housing

How Public Leaders Change Systems: Establishing Supportive Housing as a Solution to Long-Term Homelessness